

Message Text

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16

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15

AID-05 COME-00 EB-07 FRB-01 TRSE-00 XMB-04 OPIC-06

CIEP-02 LAB-04 SIL-01 OMB-01 STR-04 CEA-01 IO-10

SAJ-01 AGR-10 FEA-01 (ISO) W
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TO SECSTATE WASHDC 4654

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E.O. 11652: N/A

TAGS: EFIN, FR

SUBJECT: OPPOSITION LEADER MITTEMRAND OPPOSES FLOAT

REF: A. PARIS 11320 (1974); B. PARIS 24170; C. PARIS
21640

1. SPEAKING ON OCTOBER 28 BEFORE RECORD AUDIENCE AT LUNCHEON GIVEN BY ASSOCIATION OF ECONOMIC AND FINANCIAL JOURNALISTS, FRANCOIS MITTERRAND, SOCIALIST PARTY LEADER AND CANDIDATE OF THE UNITED LEFT IN 1974 PRESIDENTIAL ELECTIONS, STATED CLEARLY HIS VIEWS ON MONETARY REFORM:

A. FIXED EXCHANGE RATES ARE NOT POSSIBLE AT PRESENT TIME, BECAUSE OF DISPARATE ECONOMIC SITUATIONS.

B. FLOATING EXCHANGE RATES ARE DANGEROUS, FOR TWO REASONS:

1. THEY ADD TO MONETARY INSTABILITY AND DISORDER.

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2. THEY PROVIDE THE UNITED STATES WITH A

SPECIAL BENEFIT IN INTERNATIONAL TRADE AND INCREASE THE ADVANTAGES AND HENCE THE POWER OF MULTINATIONAL CORPORATIONS (A LONG-TIME MITTERRAND BETE-NOIRE). IN THIS SENSE, THE U.S. USES FLOATING RATES FOR "IMPERIALISTIC" PURPOSES.

C. THE BEST SOLUTION, IN THE SHORT RUN, IS "A REGIME OF FLEXIBLE RATES WITHIN NARROW MARGINS."

2. MITTERRAND WISHED GISCARD WELL AT NOVEMBER ECONOMIC SUMMIT, BUT SAID HE FEARED GOVERNMENT WOULD CONTENT ITSELF WITH PAPER SOLUTIONS. THE FINANCE MINISTER MAY RETURN FROM JAMAICA IN DECEMBER BRAGGING THAT AGREEMENT ON FIXED RATES HAS BEEN ACHIEVED, HE NOTED; BUT REALITY IS MUCH MORE DIFFICULT. THE OPPOSITION OF THE UNITED STATES TO FIXED EXCHANGE RATES, HE STATED, COULD ONLY BE OVERCOME THROUGH A SOLIDLY UNITED EUROPEAN POSITION.

3. INDEED, ENTIRE MESSAGE (INCLUDING EUROPEAN UNITY AND NORTH-SOUTH RELATIONS) WAS CAUTIONED BY THESE TWO POINTS - THE DIFFICULTY OF INTERNATIONAL PROBLEMS FACING FRANCE, AND THE INDISPENSIBLE NEED FOR A COMMON EUROPEAN APPROACH TO SOLVE THEM. IN SAME LIGHT, FOR EXAMPLE, HE NOTED THAT MERELY ENTERING SNAKE WAS NOT ENOUGH (AS PROVED BY PREVIOUS DECISION TO LEAVE IT); EUROPE MUST BUILD A REAL ECONOMIC AND MONETARY UNITY.

4. COMMENT. MITTERRAND'S VIEWS ECHO BOTH HIS OWN PRE-ELECTORAL STATEMENTS (REF. A, PARA. 2E) AND THE HARD-LINE MONETARY VIEWS OF PARLIAMENTARIANS THE PRESIDENTIAL MAJORITY (REF. B). IN SPECIFICS, HIS LINE IS HARDER THAN GOVERNMENT'S. THERE IS NO TRANSITIONAL PERIOD BEFORE RETURN TO "FIXED BUT ADJUSTIBLE" RATES AS, FOR EXAMPLE, MINISTER FOURCADE PROVIDED FOR IN HIS WALL STREET JOURNAL INTERVIEW (REF. C); RATHER, THIS STAGE ITSELF SEEMS JUST A TRANSITION TO A RETURN TO AN EVEN STRICTER SYSTEM ENVISEAGED BY THE SOCIALIST LEADER (WHO NOTED H REGRET AT DEMISE OF BRETTON WOODS). REMARKS ABOUT PAPER SOLUTIONS INDICATE OPPOSITION'S INTENTION TO

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GRILL GOVERNMENT INTENSIVELY OVER CONTENT OF ANY MONETARY AGREEMENTS IT MAKES.

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Message Attributes

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